

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 07-0539**

**REBUTTAL TESTIMONY**

**OF**

**LEONARD M. JONES**

**Submitted On Behalf**

**Of**

**CENTRAL ILLINOIS LIGHT COMPANY d/b/a AmerenCILCO,  
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AmerenCIPS, and  
ILLINOIS POWER COMPANY d/b/a AmerenIP**

**(The Ameren Illinois Utilities)**

OFFICIAL FILE

I.C.C. DOCKET NO. 07-0539  
Ameren Exhibit No. 8.0 & 8.1

Witness \_\_\_\_\_  
Date 1/4/08 Reporter \_\_\_\_\_

**December 21, 2007**

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OF

LEONARD M. JONES

1    **I.    INTRODUCTION**

2            **A.    WITNESS IDENTIFICATION**

3    **Q.    Please state your name.**

4    A.    My name is Leonard M. Jones.

5    **Q.    Are you the same Leonard M. Jones who submitted prefiled direct testimony**  
6            **on behalf of the Ameren Illinois Utilities?**

7    A.    Yes.

8            **B.    PURPOSE AND SCOPE**

9    **Q.    What is the purpose of your rebuttal testimony in this proceeding?**

10   A.    The purpose of my testimony is to respond to and discuss certain proposals  
11        submitted in the direct testimony of other parties, regarding the Ameren Illinois  
12        Utilities' Energy Efficiency and Demand Response Plan ("Plan"). Specifically, I  
13        respond to the certain of the direct testimonies of the Staff of the Illinois  
14        Commerce Commission ("Staff"), the Attorney General of Illinois ("AG"), the  
15        Citizens Utility Board ("CUB"), and the Illinois Industrial Energy Consumers  
16        ("IIEC"). Ameren Illinois Utilities' witnesses Stan E. Ogden, Richard A. Voytas,  
17        and Val R. Jensen are concurrently submitting rebuttal testimony as well.

18            **C.    IDENTIFICATION OF EXHIBITS**

19   **Q.    Will you be sponsoring any exhibits with your rebuttal testimony?**

20 A. No.

21 **II. DISCUSSION OF STAFF AND INTERVENOR DIRECT TESTIMONY**

22 **A. DISCUSSION OF TESTIMONY BY STAFF WITNESSES**

23 **Q. Did you review the direct testimony of Staff Witness Richard Zuraski, ICC**  
24 **Staff Exhibit 1.0?**

25 A. Yes, I did.

26 **Q. At page 46 of his testimony, Mr. Zuraski recommends that the Commission**  
27 **authorize “banking” if it is legally permissible. How do the Ameren Illinois**  
28 **Utilities respond?**

29 A. I address the “banking” issue in more detail in response to AG witness Mosenthal  
30 later in this testimony. In summary, to the extent the Commission finds the  
31 banking option preferable, the Ameren Illinois Utilities have no objection to  
32 making the necessary changes to their Plan or related tariffs, as necessary.

33 **Q. Did you review the direct testimony of Staff witness Theresa Ebrey, ICC**  
34 **Staff Exhibit 2.0?**

35 A. Yes.

36 **Q. Do you agree with her recommendation?**

37 A. Yes. Ms. Ebrey seeks clarification of the definition of Incremental Costs within  
38 Rider EDR. As presently worded, one could be left with the impression that only  
39 legal and consultant costs are subject to a date limitation. The intent of the  
40 definition was to subject all incremental costs to the date limitation, not just legal  
41 and consultant costs. Accordingly, the following language addresses the issue:

42 Incremental Costs means costs incurred by or for the Company or recovered  
43 on behalf of DCEO in association with the Measures, incurred after the

effective date of Section 12-103 of the Act, to be recovered pursuant to this Rider, and include, but are not limited to (a) fees, charges, billings, or assessments related to the Measures; (b) costs or expenses associated with equipment, devices, or services that are purchased, provided, installed, operated, maintained, or monitored for the Measures; (c) the revenue requirement equivalent of the return of and on a capital investment associated with the Measures, based upon the most recent rate of return approved by the ICC; and (d) all legal and consultant costs ~~associated with the Measures that are incurred after the effective date of Section 12-103 of the Act.~~

**B. DISCUSSION OF TESTIMONY BY AG WITNESS**

**Q. Did you review the direct testimony of AG witness Mosenthal, AG Exhibit 1.0?**

A. Yes I did. My review focused on the section pertaining to “banking of savings.”

**Q. What is meant by banking of savings?**

A. Banking of savings refers to the ability to count kWh savings in excess of the annual goal in a given Plan year toward the following Plan year’s goal. In such cases, forecast costs for the following Plan year’s goals would also be adjusted downward to reflect the need to achieve lower kWh reduction in that year.

**Q. Does Mr. Mosenthal agree with banking of savings?**

A. No.

**Q. Do any other witnesses address the issue of banking in their direct testimony?**

A. Staff witness Zuraski addresses banking on page 46 of his testimony.

**Q. What is Mr. Zuraski’s recommendation concerning banking?**

A. Mr. Zuraski recommends that banking be authorized, to the extent legally permissible.

**Q. What is the Ameren Illinois Utilities’ position regarding banking of savings?**

72 A. The Ameren Illinois Utilities did not request a banking option or the ability to  
73 seek recovery of costs that exceed the spending limits in a given Plan year in their  
74 direct filing in this docket. To the extent the Commission finds the banking  
75 option preferable, the Ameren Illinois Utilities have no objection to making the  
76 necessary changes to their Plan or related tariffs, as necessary. However, on the  
77 advice of counsel, and for purposes of clarification, banking would have to be  
78 consistent with Section 12-103(e) of the Act which requires, in part, a  
79 reconciliation of any amounts collected with the actual costs incurred and the  
80 subsequent adjustment to the annual tariff factor to match annual expenditures.

81 **C. DISCUSSION OF TESTIMONY BY CUB WITNESS**

82 **Q. Did you review the direct testimony of CUB Witness Christopher Thomas,**  
83 **CUB Exhibit 1.0?**

84 A. Yes, I did.

85 **Q. What issues raised by Mr. Thomas will you address in this testimony?**

86 A. I will address two issues raised by Mr. Thomas. Specifically, I will address Mr.  
87 Thomas' recommendation that the Commission ensure that costs recovered in  
88 Rider EDR ultimately recover only the Ameren Illinois Utilities' actual costs and  
89 exclude inflation or other projected asymmetrical costs. Second, I will address  
90 Mr. Thomas' recommendation that in the event the Ameren Illinois Utilities  
91 receive payments for demand response achieved through the direct load control  
92 programs, such proceeds offset costs recovered through Rider EDR.

93 **Q. Are you in agreement with Mr. Thomas' first recommendation, that the**  
94 **Commission ensure costs recovered in Rider EDR ultimately recover only the**

**Ameren Illinois Utilities' actual costs incurred to implement energy efficiency and demand-response measures?**

A. It is important to keep in mind Rider EDR provides for the recovery of expenses incurred by both the Ameren Illinois Utilities and the Department of Commerce and Economic Opportunity ("DCEO"). I am concerned that Mr. Thomas' statement, "Rider EDR should include only Ameren's actual costs," explicitly excludes costs for measures administered by the DCEO. The Ameren Illinois Utilities' Rider EDR appropriately recovers costs for both it and the DCEO, as directed in Section 12-103(e) of the Act. As for ensuring that only actual costs of energy efficiency and demand response measures are ultimately recovered from customers, this too is consistent with the Act and Rider EDR. The Act states "Each year the Commission shall initiate a review to reconcile any amounts collected with the actual costs and to determine the required adjustment to the annual tariff factor to match annual expenditures." (underline added). Further, Rider EDR provides for an Automatic Reconciliation Adjustment and an Ordered Reconciliation Adjustment that will ensure customers ultimately pay actual costs for energy efficiency and demand response measures. With the additional clarification provided at the request of Staff, in my view, Rider EDR accomplishes precisely the Act's stated intentions.

**Q. Do you agree with Mr. Thomas' second recommendation in the event the Ameren Illinois Utilities receive payments for demand response achieved through the direct load control programs, that such proceeds offset costs recovered through Rider EDR?**

118 A. I am not aware of any Midwest Independent Transmission System Organization  
119 (“MISO”) administered programs that would presently provide a credit to Rider  
120 EDR. Nonetheless, the Ameren Illinois Utilities do not object to adding the tariff  
121 language suggested by Mr. Thomas (CUB Exhibit 1.0, p.8) in the event that a  
122 MISO program does indeed emerge. Since the “Reimbursement of Incremental  
123 Costs” is based on an expectation of funds, this factor would also be subject to the  
124 Automatic Reconciliation Adjustment, which will true-up to actual cost  
125 experience.

126 **Q. Do you have any other commentary regarding Mr. Thomas’ testimony?**

127 A. Yes. Mr. Thomas in his discussion of cost recovery, states that “Rider EDR costs  
128 should include both projected cost increases and cost savings.” (CUB Exhibit 1.0,  
129 p.8.) It appears the discussion of cost savings is being made in the context of  
130 “productivity gains” and then later, though perhaps not necessarily related, he  
131 references revenues generated from what I understand to be the MISO market  
132 products discussed above. In response, what is meant by productivity gains is not  
133 clear. It appears Mr. Thomas was addressing what he believed was an Ameren  
134 Illinois Utilities proposal to ultimately recover only projected costs through Rider  
135 EDR. As discussed previously, this is not the case. Rider EDR will ultimately  
136 recover the actual cost of energy efficiency and demand-response measures.  
137 Thus, there is no need to address “productivity gains” in the context of Rider  
138 EDR.

139 **D. DISCUSSION OF TESTIMONY BY IIEC WITNESSES**



140 **Q. Did you review the direct testimonies of IIEC witnesses Robert Stephens,**  
141 **IIEC Exhibit 1.0, and David Stowe, IIEC Exhibit 2.0?**

142 A. Yes.

143 **Q. What is the substance of the testimonies of Mr. Stephens and Mr. Stowe?**

144 A. Mr. Stephens proposes that the cost recovery of energy efficiency and demand-  
145 response measures be divided among three customer groups and recovered in  
146 proportion to the direct expenditures on Measures within each customer group.  
147 Mr. Stowe provides an estimate of Plan expenditures by the customer groups  
148 proposed by Mr. Stephens.

149 **Q. What customer groups does Mr. Stephens propose?**

150 A. Mr. Stephens proposes three classes: 1) residential; 2) small commercial and  
151 industrial; and 3) large commercial and industrial. The residential class  
152 corresponds to customers taking service from the Ameren Illinois Utilities' Rate  
153 DS-1 – Residential Delivery Service. Small commercial and industrial is  
154 identified by customers taking service under Rate DS-2 – Small General Delivery  
155 Service, Rate DS-3 – General Delivery Service, and Rate DS-5 – Lighting  
156 Service. This group of customers generally has demands less than 1,000 kW.  
157 Large commercial and industrial is identified as customers taking service under  
158 Rate DS-4 – Large General Delivery Service. Customers taking service under  
159 DS-4 generally have demands 1,000 kW or greater.

160 **Q. Does proposed Rider EDR differentiate cost recovery by class or customer**  
161 **group?**

162 A. No. Proposed Rider EDR will recover costs of Measures from all customers  
163 through a uniform cents/kWh charge.

164 **Q. Do you foresee any technical barriers to implementing Mr. Stephens'**  
165 **recommendation to move from a uniform charge to three charges**  
166 **differentiated by customer grouping?**

167 A. The Ameren Illinois Utilities foresee no technical barriers to Mr. Stephens'  
168 recommendation should the Commission desire to adopt the proposal. I do note  
169 that tracking and allocating program costs within three separate rate groupings  
170 will likely increase administrative costs (obviously three buckets of costs will be  
171 more difficult to deal with rather than one), although once an appropriate tracking  
172 mechanism and allocation procedure is implemented, such costs could be limited  
173 to a few hours work per week. Also, if the Commission were to implement the  
174 IIEC proposal, the Ameren Illinois Utilities would need to retain the ability to  
175 modify programs, and possibly the cost recovery factors as discussed by Mr.  
176 Stephens (IIEC Exhibit 1.0, p.14).

177 **III. CONCLUSION**

178 **Q. Does this conclude your rebuttal testimony?**

179 A. Yes, it does.

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

CENTRAL ILLINOIS LIGHT COMPANY	)	
d/b/a AmerenCILCO	)	
	)	
CENTRAL ILLINOIS PUBLIC SERVICE	)	
COMPANY d/b/a AmerenCIPS	)	ICC Docket No. 07-0539
	)	
ILLINOIS POWER COMPANY	)	
d/b/a AmerenIP	)	
	)	
Approval of the Energy Efficiency and	)	
Demand-Response Plan	)	

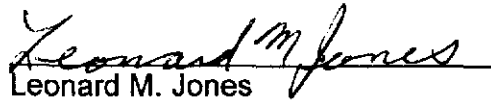
**AFFIDAVIT OF LEONARD M. JONES**

STATE OF MISSOURI	)	
	)	SS
CITY OF ST. LOUIS	)	

Leonard M. Jones, being first duly sworn on his oath, states:

1. My name is Leonard M. Jones. I am Managing Supervisor of Restructured Services with Ameren Services Company.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony identified as Ameren Exhibit 3.0, consisting of 13 pages, along with Ameren Exhibit 3.1; and my Rebuttal Testimony identified as Ameren Exhibit 8.0, consisting of ten pages, all prepared in written form by me or under my direction for introduction into evidence in Illinois Commerce Commission Docket No. 07-0539 on behalf of Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS, and Illinois Power Company d/b/a AmerenIP (the Ameren Illinois Utilities).

3. I hereby swear and affirm that the answers to the questions therein propounded are true and correct to the best of my knowledge, information and belief.

  
Leonard M. Jones

Subscribed and sworn to before me this 2<sup>nd</sup> day of January, 2008.

  
Notary Public

My Commission expires:

